

Successful E-businesses

In Today's

World

by

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A Research Paper
Submitted in Partial Fulfillment of the
Requirements for the
Master of Science Degree
in

Information and Communication Technologies

Approved: n (enter appropriate #) Semester Credits

Place the name of your research adviser here

The Graduate School

University of Wisconsin-Stout

Month, Year

**The Graduate School
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Title: *Successful E-business in today's E-World*

Graduate Degree/ Major: MS Information and Communication Technologies

Research Adviser:

Month/Year: May/2010

Number of Pages:19

Style Manual Used: American Psychological Association, 5th edition

ABSTRACT

Finding the best practices for an e-business to be successful in today's market is a the center of this project. E-business is a very important part of today's economy. This research reviews some aspects of Electronic commerce, and will cover some of its success factors, processes, and best practices. These factors, processes, and practices will be divided in 4 different groups; Internet, Marketing, Sales, and Service.

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Acknowledgments

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Chapter I: Introduction

Many people have tried to convert, adapt, and improve their companies to today's electronic world by adding websites, and others have started their E-business from scratch; many have been successful but many have also failed. This study will review some of the best practices for electronic business to be successful.

Statement of the Problem

Find the best practices for an e-business to be successful in today's market. There are many opportunities; but without the correct tools, exposure, and support companies will not survive much less thrive.

Purpose of the Study

The purpose of this study is to find the best practices, factors, and processes for an E-business to be successful.

Assumptions of the Study

This study was conducted under the assumptions that participants have had exposure to and know how to navigate the World Wide Web. It also assumed that participants had credit cards, pay pal accounts for some other means by which to finance their electronic purchases.

Definition of Terms

E-business is defined as the process of using web technology to help organizations streamline processes, improve productivity and increase efficiencies (McFadyen, 2008).

E-commerce: e-commerce relates to the electronic commercial transactions like buying, shopping, banking, or selling over the internet (Risdaul, 2007).

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Limitations of the Study

A small sample population limits the reliability of generalizing the results to the general population.

Methodology

A survey was conceptualized reviewed and administered to a pool of five people. Three surveys were conducted via telecommunications, and two were completed in face to face interviews. All questions were phrased exactly the same way to ensure the consistency of results. After all interviews were completed, the data was compiled, analyzed and summarized. The questions of said survey and therefore the emphasis of this study is on gathering qualitative data that can be used to improve a businesses use of e-practices.

Chapter II: Literature Review

E-business is a very important part of today's economy. This chapter reviews some aspects of Electronic commerce, and will cover some of its success factors, processes, and best practices. These factors, processes, and practices will be divided in 4 different groups; Internet, Marketing, Sales, and Service.

Understanding the difference between e-business and e-commerce is very important since these terms are often used interchangeably, when in fact a difference does exist.

When talking about E-business there is another term that is very closely related; this term is E-Commerce. While it is a part of E-business; e-commerce relates to electronic commercial transactions like buying, shopping, banking, or selling over the internet (Ris Dahl, 2007).

Understanding the focus of a business is very important so that that the company can focus its efforts and resources in the right channels.

There are many types of e-business; depending on their market and focus they can be categorized as business to business (B2B) where business transactions are between two companies; there are no individuals involved in this process. Business to consumer (B2C) is where the transactions are between a company and an individual, and finally consumer to consumer (C2C) are business transactions between customers (Stair and Reynolds, 2003).

Amazon.com and Bestbuy.com are examples of B2C; these companies focus on selling products to individual consumers. EBay is a great example of a C2C E-business, it allows consumer to sell products directly to other consumers (Stair and Reynolds, 2003).

Internet. The Internet is what allows e-business to exist and succeed. It is very important for a company to understand how the Internet works, who is using it, and how to take advantage of it.

Tools. The Internet offers a wide variety of options and tools for e-businesses. E-mail is one of the most used methods of communication. It allows the company to send mass emails and e-newsletters to their mailing lists; not only internally to the employees but also to the customers. It is a very inexpensive way to communicate (Risdaul, 2007).

Some other tools that e-businesses use are web sites, message boards, online ads, and online catalogs. Websites are very important since they are the place where most of the information about the company will be posted. The website may also host online catalogs with shopping carts for consumers to complete their purchases. Advertising may also be posted on the site, and the company can utilize blogs or message boards. These blogs or message boards are very important since customers use these tools to get more information about the company and its products (Risdaul, 2007).

Users. In order for e-business to target their audiences, and focus in on their market, they need to understand who is using the internet. According to Internet World Stats the number of Internet users has increased worldwide from 360,985,492 users in 2000 to 1,733,993,741 users in 2009, this is an increase of 380.3 % (Internet World Stats, 2009). It is important to also understand the market's psychographics and demographics. According to Risdaul (2007), "Demographics are quantitative data that express objective and verifiable facts about and individual. Psychographics are qualitative data that describe a person's more subjective personal attitudes or preferences" (p. 31).

Obtaining demographic information is very easy and straight-forward, most of the information can be retrieved customers when they register for an account or when they make purchases. Demographic data includes gender, age, geographical location, education level, occupation, and income level. By understanding this data the company has a better opportunity

to create marketing strategies for each group of customers. The strategy aimed towards younger consumers is going to be different than older consumers (Rishahl, 2007).

This graph below shows the percentage of internet users divided in different categories, depending on what their business is selling. It is very important to recognize this demographic information to use adequate marketing strategy.

Demographics of Internet Users

Below is the percentage of each group who use the internet, according to our December 2009 survey. As an example, 74% of adult women use the internet.

	Internet users
Total adults	74%
Men	74
Women	74
Race/ethnicity	
White, Non-Hispanic	76%
Black, Non-Hispanic	70
Hispanic (English- and Spanish-speaking)	64
Age	
18-29	93%
30-49	81
50-64	70
65+	38
Household income	
Less than \$30,000/yr	60%
\$30,000-\$49,999	76
\$50,000-\$74,999	83
\$75,000+	94
Educational attainment	
Less than High School	39%
High School	63
Some College	87
College +	94
Community type	
Urban	74%
Suburban	77
Rural	70

Source: The Pew Research Center's Internet & American Life Project, November 30-December 27, 2009 Tracking Survey. N=2,258 adults, 18 and older, including 565 cell phone interviews. Interviews were conducted in English and Spanish. Margin of error is $\pm 2\%$.

Please note that prior to our January 2005 survey, the question used to identify internet users read, Do you ever go online to access the Internet or World Wide Web or to send and receive email? The current two-part question wording reads, Do you use the internet, at least occasionally? and Do you send or receive email, at least occasionally?

Last updated January 6, 2010.



(Pew Internet, 2008)

Attaining psychographic data is much more complicated and usually requires the customers to complete a survey. This data could be risk tolerance, view of money, comfort with technology, and cultural tastes. Surveys have become a very important part in gathering

psychographic information. Internet electronic surveys are luckily very easy to create and distribute to consumers. “The ideal survey form captures the responses in database form and allows you to generate reports that provide relevant breakdowns” (Rishahl, 2007).

Marketing. Marketing is a very influential factor in the success of e-businesses. The marketing must be customer based. It needs to be well promoted, supported and distributed (Korgaonkar and O’Leary, 2008). There are many ways to market your business; below, some of the best practices are discussed.

Search engine optimization. This is one of the “most effective and powerful strategies” to market a business. Because of the constant evolution with technology and its practices, businesses have struggled since the beginning to put themselves among the top results of the search engines. There are three big search engines; Yahoo, Google, and Microsoft. Each of these has its own practices, rules, and procedures to search and place the business links in the results page. (McFadyen, 2008).

It is almost impossible to determine the exact methods these search engines use to decide which company is shown first or on what page when performing a search. There are however some general proven techniques that can help with the placement of a business in the results page. Since the search is performed with keywords, a company should make sure that all pages, title tags, and meta-tags are labeled accordingly and the content is balanced between the information in the pages. Ranking is also important, and it varies depending on the number of links coming and leaving the company’s page (McFadyen, 2008).

Email. It has become a very powerful tool in marketing; it allows companies to measure the customer response to a site. Customer response can be measured by the number of customers that clicked the link to the company’s website, which was sent via email. This is very important

since the customer's inbox has become a target for all business. Personalization, frequency, and relevance are very important parts of the email. By having members register, a company can keep track of all the consumer's searches and information. This provides a history of the customer's needs and interests so future emails can be personalized to this particular member (McFadyen, 2008). "Websites have the ability to track everything from the customers' last purchase, the average price they spend online per year, to psychographic characteristics such as customer's hobbies or interest" (Korgaonkar and O'Leary, 2008, p. 497)

Branding. This is another big part of marketing, "Customers also tend to purchase from name brands"(Korgaonkar and O'Leary, 2008, p. 496). "This day and age, a product is only as good as its brand strength and market recognition" (McFadyen, 2008, p. 30). This proves true since customers are reluctant to purchase products from unknown companies due to security and quality issues; there is not a brand name to back up the product. Brand loyalty plays a large part in a consumer's purchasing decisions.

Social networking. Allows companies to establish their name brand. They can use either an existing social network like Facebook or create their own community through the company's website. Doing so allows members to share opinions about a business' products and brands. This also allows the business to market its products with promotions and discounts within these communities (McFadyen, 2008). "E-businesses that have established virtual communities have found an increase in customer loyalty" (Korgaonkar and O'Leary, 2008, p. 497).

Sales. Sales includes not only offering the best products and prices, but also about the experience offered to customers, which will lead to purchases (McFadyen, 2008). Designing a good website which easy to navigate, full of useful information, and where members feel comfortable is very

important. “The website has to be extremely user friendly or customers won’t buy” (Korgaonkar and O’Leary, 2008, p. 492).

In order for a company to sustain a level of growth, it needs to give its customers good prices and products as well as a great shopping experience which ultimately leads to purchases. The following paragraphs will discuss some tools that help provide the consumers with a great shopping experience.

Giving the consumers different options is very important when trying to improve the customer experience. Cross-selling is offering the clients different products related to their searches, and Up-selling is offering the customers the possibility to upgrade their product (McFadyen, 2008). This will not only give the customer a better experience but will also increase the purchase value.

Shopping Carts “The shopping cart is the iconic symbol for e-commerce”(McFadyen, 2008, p. 67). The shopping cart is one of the most important features for the members and for the e-business. The shopping cart provides the member with all the information about the products that the member has selected. It also allows the customers to buy other related products and make changes to their products, such as the number of items. This feature also displays the total price including shipping and handling.

The shopping cart is also where the company can retrieve a lot of information about the customers. With this feature, the company can keep track of selected items and purchased items, allowing them to offer related items and options to the customer. This is possible while the consumer is going through the purchasing process or when he or she logs back in to the site (Rishdahl, 2007).

Security. Security is paramount for selling products or services online. Having a secure site and being able to assure customers that all transactions and all personal information are secure will improve the selling process. “One way to build user confidence is to post prominent privacy and security policies” (Rishdahl, 2007, p. 48). These privacy policies usually have a statement describing why the company is collecting certain information and what it is being used for (Rishdahl,2007). Another good way to assure to the members of their privacy is to use a globally known third party security firm (McFadyen, 2008).

Service. The relationship between the customers and the business does not stop after the sale is completed; it goes far beyond that. The relationship should be established before, during, and after the sale is completed. “Every point of contact influences the overall impression of a brand” (McFadyen, 2008, p. 156)

Customer service. Great customer services is a crucial component of an e-business’s success. “How quickly and efficiently an e-business responds to customer inquiries, comments and feedback can make a difference in how positively or negatively the customer perceives the business” (Korgaonkar and O’Leary, 2008, p. 497). Today’s customers want immediate support, whether they have simple problems like a password reset or more complex problems like driver support or downloads.

There are many features when it comes to e-customer service. Companies can set up their own online customer support, which includes a “customer focused knowledge base as the organized collection of shared content which allows for a logical reasoning process or inference engine to derive context based information from it” (McFadyen, 2008, p.157).

Product claims and returns. This should be fast and straightforward. When a customer is not satisfied with a product and just wants the money returned, the process should be completed

as soon as possible. Having a smooth process for returns not only helps the company by allowing balancing return rates within inventory levels, but also provides an opportunity to retain the customer's relationship. The return and warranty policies should be made available to the customers before they purchase the product, which will reduce the number of calls from angry customers.

Monitored forums. These are areas on the company's website where users can discuss a large number of topics about the products and the company. There are many advantages to forums, they can increase the customer loyalty, become a tool for potential customers, drive more visits to the website, provide informal product feedback, and can be a tip-off for future trends (McFadyen, 2008).

Online documentation and manuals. This allows members to become even more familiar with the products before they buy them. It is very important to have the correct formats so that the customers won't have problems accessing this information. "Manuals are effective tools to enhance your retail brand and also cross-sell and up-sell other products relevant to the main item already sold to customers (McFadyen, 2008).

Conclusion

There are many important factors and tools that e-businesses need to consider to be successful in today's e-world. It all starts with the website which is the gateway to the company. Embedded within the website are many tools such as the ability to email, instant messaging and FAQ-Frequently Asked Questions sections, which are incorporated to create an overall great customer experience.

Understanding the customer's needs and providing them with what they want is what makes a business successful. The tools that are most important to utilize include; e-mail, which is

one of the most frequently used ways of communicating with customers. Email provides a means to measure customer's response to marketing strategies by tracking the number of emails actually opened, and finally email allows for a way to address customer service issues. E-communities (forums), allow a better understanding of how customers feel about a company and its products, they also allow a company to monitor and control what is posted in its own company's site.

The shopping cart is another tool that stands out from the rest; it allows the company to provide a secure purchasing path, offering different options for other products and services that complement each other. The shopping cart also allow the company to save the customers item to be purchased later, in this way the customer does not have to go back and search all over for the products again. It also offers the customer the option to view the total cost of the products added to the cart while they keep researching for more products. Using these services together in an effective manner are key to an e-business' success.

These three tools, email, e-communities (forums) and shopping cart were chosen because they complement all the other tools and processes in the organization. For example email is not only used in marketing, it is also use for customer service and sales. The same is true with e-communities (forums) and the shopping cart.

Chapter III: Methodology

Finding the best practices for an e-business to be successful in today's market was the main purpose of this project. Many of the best e-business practices and tools were reviewed in the previous chapter, let's delve deeper into the three most influential factors; Email, E-communities (forums), and Shopping Carts. These three main tools were selected as the most important for the success of any e-business, as they complement all the other tools and practices.

This chapter covers the design aspects of this research; an interview was completed over the phone or face to face. The objectives of the questions were to see if these tools; email, e-communities and the shopping cart influence the subjects online business transactions.

Subject Selection and Description

The researcher selected five acquaintances to participate in this study; sample was made of a mixture of men and women ages ranging between 23 and 40 years of age. All subjects were selected because they were average e-business users, have completed purchases online, and in one-way or another have experienced or dealt with some of the main e-business tools.

The subjects were from different backgrounds, had access to high speed Internet, and personal computers. These factors were established to assure that access issues did not interfere with the validity of what was being measured.

Instrumentation

A structured interview was used to conduct this research. Interview questions were created specifically for this study. The questions were designed to determine how e-commerce users are interacting and reacting to the emails, shopping carts, e-communities. By understanding how the subjects react and interact with marketing emails, tools of an e-commerce site, and e-communities, the researcher can evaluate the effectiveness of these tools.

By completing this interview, the researcher was able to discuss the effect that these strategies had on the subjects, and see how their decisions to visit an e-business site and complete a purchase were affected by these tools and strategies.

Data Collection Procedures

A 15 question Interview was performed on 5 people. The interview was completed over the phone and each took about fifteen minutes complete. Data was collected between April 2010 and May 2010.

Data Analysis

The data collected from the interview was largely qualitative. From the results, common themes, attitudes, and reactions were discovered. No statistical analysis was done.

Limitations

The small sample population limits the accuracy of the results. There were many additional unknown variables for the population that may have affected the results as well.

Chapter IV: Results

Finding the best practices for an e-business to be successful in today's market is a the center of this project. A total of five people were interviewed regarding their e-business preferences and how three factors, email, shopping and e-communities influence a consumer's e-business transactions thereby increasing an e-businesses profit margins.

How often do you use e-businesses? Have you completed any purchases and transactions?

If not why not? Every subject attested to using e-business between 1-3 times per week, with completed purchases. This was essential because it demonstrates the participants comfort level with e-business tools, as well as having a frame of reference for evaluating the tools in question.

When completing purchases have you used the shopping cart? All subjects affirmed that they have used the shopping cart for e-purchases.

Do you think the shopping cart facilitate your purchases? Four of the participants report the shopping cart to be a useful tool in facilitating online purchases. Reasons listed include; edit list of items to purchase, track total cost, calculate shipping and save items in the cart for future purchases. One subject reported not finding the shopping cart feature to be helpful. Stating that if a consumer knows exactly what they want, then the shopping cart feature is an unnecessary step in the online purchasing process.

Have you registered and opened an account with any of these e-businesses? All subjects in this study have opened an account/registered with e-businesses. The main reason stated was that it was a required step in the purchasing process. Three subjects found that once the account was established that it facilitated future purchases. Two subjects found the requirement of account set up cumbersome and contributing to increase junk email.

Do you receive any follow-up or advertising emails from these businesses? Do you open or disregard these emails? Do these emails influence your decision to return to the website?

All five subjects attest to receiving follow up emails and advertising from e-business from which they have shopped. Two subjects report rarely opening emails received from e-business for marketing purposes, stating discounts and coupons as their motivation for opening the email. Three subjects report deleting the marketing emails without ever opening them, hence having little to no impact on their decision to return to the e-business website.

When researching for products do you ever visit any e-communities or forums?

If yes, do you participate and post your comments? Four out of five subjects report using e-communities/forums to obtain further information about products they are considering purchasing. No subjects have posted comments or contributed to e-community discussion, rather reviewed comments as part of their research. This strongly suggest that information on e-communities has the ability to influence one way or another a consumers decision to purchase.

Are there any specific e-businesses that you are loyal to and use frequently? Examples of frequently used e-businesses by test subjects include; Ebay, Upromise, Amazon, Best Buy and online banking tools. As a follow up to this data, the researcher accessed each of these sites to verify that they all indeed used a minimum of 2 of the three tools evaluated.

Chapter V: Discussion

Three tools are analyzed to evaluate and establish best practices for e-business and e-commerce. Subjects were surveyed regarding their use of e-businesses, their preferences and transactions.

Limitations

A small sample population limits the reliability of generalizing the results to the general population.

Conclusions

Of the tools reviewed email was shown to be an effective customer service tool as all subjects report it being useful to facilitate purchases, however it does not seem to be an effective marketing tool as all subjects report deleting these emails without opening them, or rarely opening them at all.

The shopping cart has proven to be an effective tool to facilitate online purchases. It provides a place to save wish lists; it calculates running totals, shipping and tax, as well as providing a familiar symbol from real life shopping.

E-communities are an effective way for e-businesses to promote their products, communicate with consumers and to allow their products to speak for themselves through consumer personal reports.

Recommendations

For more reliable results future researchers should consider an expanded pool of test subjects. Exploring the specific factors within each tool evaluated may help to pinpoint the exact reasons for a tool's effectiveness or ineffectiveness.

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Appendix A: Interview Questions

How often do you use e-businesses?

-Everyday

-Everyweek

-Once a month

-Every few months

What main purposes do you use e-businesses for? Shopping, banking, etc.

Have you completed any purchases and transactions? If not why not?

When completing purchases have you used the shopping cart?

Do you think the shopping cart facilitate your purchases?

Are there any specific e-businesses that you are loyal to and use frequently?

Have you registered and opened an account with any of these e-businesses?

Do you receive any follow-up or advertising emails from these businesses?

Do you open or disregard these emails?

Do these emails influence your decision to return to the website?

When researching for products do you ever visit any e-communities or forums?

If yes, do you participate and post your comments?

