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## **E-commerce expands opportunities for businesses**

Tri-City Herald, February 1999

Are you thinking about using an Internet web site to sell your products and services online? Maybe you already have a home page that advertises your business, but you want to go beyond that. You want to let customers place orders electronically, or send in electronic order forms that you confirm by phone, fax or e-mail. Perhaps you want customers and suppliers to see your inventory in real time. Or you want them to provide personal or business information, so you can send them customized e-mail when certain products become available.

Welcome to the world of electronic commerce, or e-commerce.

E-commerce is usually thought of as any Internet transaction that connects buyers and sellers. Money does not necessarily have to change hands. There are Internet catalogues, service directories, malls and real-time auctions, with opportunities multiplying daily.

Experts estimated e-commerce revenues in 1998 from \$17 to 50 billion, with small businesses getting about \$9.5 billion of the total. By 2002, total revenues are expected to reach \$327 billion. But according to the New Hampshire research firm ActivMedia, only about 30 percent of these web-based businesses are profitable.

Too many businesses jump on the e-commerce bandwagon without considering the consequences. "It's an investment question," said Mike Wenger of Washington State University at Tri-Cities Business LINKS. "You need to ask yourself how many transactions you will get; what is the payback period for this investment?"

Web sites that accept credit cards require the largest financial investment. Typical components include a credit card validating service with debiting to a merchant account, a secure server that encrypts credit card information, a shopping cart program that tracks customers through the web site and a cataloguing tool that works as a database management system. Businesses must be prepared to handle foreign currencies, including the new euro.

Sites without financial transactions still require an initial investment, monthly web hosting and maintenance to keep inventory, services and pricing current. Customers expect a response, usually in 24 hours, when an order is placed. Inventory must be on hand for quick delivery worldwide.

Businesses also should consider whether their target customers use the Internet. "Just because you spend three hours a day surfing the web, doesn't mean your customers do," said Wenger. Experts say that web consumers are more likely to be 40 years of age or older, college-educated and wealthier than the average customer.

More businesses are cyber-selling to other businesses than to consumers. Pacific Northwest National Laboratory, for example, developed an electronic "yellow pages" site for Hanford site purchasing. Suppliers input and update information about their products and services. Hanford staff query the site to make purchasing decisions.

An e-commerce site may be a good investment for a local company looking to expand its market worldwide. Michael Thomas, owner of International Waterbeds and Futons, experienced this firsthand. After ten years in his Kennewick store, Thomas added an Internet presence two years ago as an experiment. The site listed waterbed products, with photos and prices. Customers were asked to complete an electronic order form and e-mail or fax their orders.

Suddenly, Thomas was getting orders from Austria, Japan, South Africa, even Transylvania. "Waterbeds are very popular overseas, and about twice as much to purchase there as what we offer," Thomas said. The cyber-experiment paid off in increased revenues of about 20 percent. "We get about 500 visitors to on the web site every day, the kind of traffic you could never get in your store," he said. "It puts the world in your backyard."

One key to healthy traffic is marketing the site. "You can't sit back and expect people to find your site," said Brenda Prince of Boss Internet Group Inc., a Pasco-based Internet service provider to the Northwest region. "It's just like a storefront; you must advertise it."

Service providers such as Boss offer a variety of packages from web site hosting to a complete package, where they build, set up and host sites.

Internet malls charge a percent of sales, in exchange for more visibility and traffic than an independent web site. One example of a cybermall is [www.i-netmall.com](http://www.i-netmall.com). Representative Len Burns of LBENterprises in Pasco said the mall gets 900,000 hits per month, a number that increases daily.

The Electronic Commerce Center in Bremerton, Wash., at [www.becrc.org](http://www.becrc.org), provides tips and resources for doing business online. IBM's "getting prepared for e-commerce" site offers step-by-step guidance for planning a web-based business ([www.software.ibm.com/commerce/net.commerce](http://www.software.ibm.com/commerce/net.commerce)).