

Growing Your Business Online

A VIEWPOINT article
by Peter Parrish

Internet-integrated retailing is gaining universal recognition as the winning strategy for progressive retailers. Internet integration will continue to take various forms with differing levels of integration for individual retailers. The one certainty is that mainstream retailers must embrace the Internet to remain competitive.

The current level of Internet integration of your retail business will be a strong indicator of the next integration steps for you to undertake this year. Let's start planning with an overview of the evolving Internet integration of a typical retail operation:

- **First generation - The Brochure Site.** Usually fewer than 10 pages of static content, designed to provide basic information about the retail business, e.g. product lines, business address, how-to-contact information, hours of operation.
- **Second generation - The Catalog Site.** Adding pages of product information specifics, e.g. images, descriptions, prices, to the Brochure site. Content continues to be static, necessitating regular review and revision, particularly of product information and prices. Most often the Catalog site will include a method of placing an order for offline processing, e.g. e-mail, fax, phone, post. Payment and delivery arrangements are included in offline processing.
- **Third generation - The Selling Site.** Adding online order and payment processing to the Catalog site, creating a webstore. Most often the Selling site will use one or more third-party service providers to manage online processing. Some service providers support dynamic product content updating, drawn from retailer-managed inventory data files.
- **Fourth generation - The Interactive Site.** Adding customer service and support tools to the Selling site webstore. Customer profiling, suggestive selling, online order tracking, purchase history and online problem resolution are just some of the dynamic, interactive connections maintained between retailer and customer. The Interactive site also offers continually updated information on product availability, pricing and service standards.
- **Fifth generation - The Integrated Site.** Connecting the webstore to the real-world store or stores, real-time, all the time. At this level of e-retail sales and service sophistication, the customer can shop online or offline, purchase online or offline, gain problem resolution online or offline, and do it all interchangeably even during a single transaction. The customer is known to the retailer as the same individual customer not matter when or where the point of contact.

In addition to the increasing complexity of online content delivery and customer sales and service standards, the evolving webstore also requires progressively more robust technical and creative design, web hosting, broadband connectivity, server and process security, server redundancy and site and server administration. Most retailers elect to outsource most if not all these infrastructure activities. Also, with the increased sophistication of the webstore operation, the retailer typically undertakes more sophisticated multi-channel marketing programs.

What to do next? First, determine the generation of online retail presence at which you are currently operating. My strong recommendation is to look to the next generation immediately beyond your current stage for clear indicators of the nature and scope of enhancements to your webstore that you should be considering. Build a budget for the enhancements that will be undertaken. Always include the revenue growth and/or cost savings to be gained. If an enhancement is not going to pay for itself within a required period of time, why do it?

Avoid the à la carte selecting of advanced features from among the more highly evolved stages. The rapidly growing audience of experienced online shoppers has come to expect certain content and service offerings to be provided together. For example, to enable an advanced customer profiling feature, designed to provide intelligent product recommendations while skipping the prerequisite step of enabling real-time inventory availability, will leave customers unsatisfied and clicking over to better organized competitors.

Solicit recommendations from current and prospective third-party service providers concerning infrastructure upgrades that will be needed to support the next generation of the evolving webstore. Discuss the recommendations with the service provider. Why is that upgrade necessary for this new feature? Consider the service provider's answers. If the answers don't make sense, may be its time to upgrade your service provider as well.

One final suggestion - Make regular visits to www.bricksNclicksPROFITS.com. I will continue to offer up-to-the-minute, useful advice and insight into "Winning Internet Integration Strategies for Today's Retailer."

Happy retailing,

Peter

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