No matter how you analyze it, the numbers are striking. Forrester's latest projection (as of April 2000) for global e-commerce is US$6.9 Trillion by 2004, with a notable surge expected to begin in 2001. The lion's share of that – US$3.5 Trillion – is projected to be in the North American market. While others make less optimistic projections, the one message that is clear is that the market is growing, and will continue to grow at an accelerating rate. Already this year, Harris Interactive reports U.S. market online consumer sales of US$7 Billion in the first quarter; which is almost equal to the US$7.3 Billion spent online in the 4th quarter "holiday season" of 1999.

Of equally significant interest is another figure from the Harris results; an additional US$13.8 Billion spent 1st quarter 2000 in phone and in-store sales that were driven directly by online shopping. For a company such as [----], which has an established brick-and-mortar presence and experience with the fulfillment challenges of a catalog/mail order program, the benefit of adding the web to the mix in a fully integrated "clicks and mortar" offering is clear.

The clicks-and-mortar philosophy has proven to be compelling for other reasons as well. There are a lot of "gaps" on the web besides gap.com. One of them is the credibility gap. Consumers dealing with a "virtual" merchant need to have confidence that their financial information will be handled responsibly, that their purchase will be fulfilled promptly and accurately, and that if there are any problems whatsoever, they will be resolved quickly, courteously and effectively. With an established brand such as [----] there is an assumption of trustworthiness. Online consumers tend to either "buy local" – that is to say buy online from local retailers they know, or buy brand name; meaning both from brand name merchants, and brand name merchandise. [----] wins both ways.

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We took a quick, informal survey of [----].com and a few of its competitors today, to get a sense of how things stack up. In addition to [----], we looked at [Brand-A], a premier catalog and online e-tailer; and [Brand-B] and [Brand-C], two well-established clicks-and-mortar e-tailers; especially in the apparel category.

We looked at nine different aspects of these sites, with a number of questions within each aspect, and rated them on a scale of one to five, with five being the best rating.

Let's look at some of the specifics:

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Our general impression of [----].com is that it is a good early-generation site, but falls far short of what it could contribute to the bottom line in terms of building and maintaining customer relationships and making sales. Its overall rating was a 2.1, which is close to "average." Next in line was [Brand-C] with only a slightly better overall rating of 2.55. [Brand-B] made a stronger showing with an overall rating of 3.45, and [Brand-A], with its strong focus on online sales, came out on top with an overall rating of 3.6.

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MATTLIN MANDELL

So what's next? What does the future hold for those companies that choose to recognize and embrace the potential of e-commerce; not as a replacement for what was, but as an evolution to what will be?

For a company that has a strong product focus, it's important to cover the basics. A good catalog is fundamental. Well organized, attractive, and easy to navigate. And it has to be easy to make purchases. All too many sites provide a good shopping experience but a bad buying experience. The catalog should be well integrated, both internally online, and with other aspects of the enterprise. "Merchandising" is as relevant online as off, and cross-sell and up-sell opportunities abound in a well-designed environment.

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Creating a fun, engaging, yet useful online "experience" will be a hallmark of market leaders of the future. This will take many forms, and already we see the innovators starting to experiment. [Brand-B] makes it easy to "tell a friend" about something you see in their online store, by sending an email right from the product page that will lead the friend back to that product. [Brand-A] allows you to "virtually" meet that friend online and actually shop together, in critical recognition of the fact that shopping is often as much a social experience as it is a practical task.

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No matter how far we flash forward though, certain fundamentals will always be true, and none more so than the need for solid customer service: pre-sale, during the sale, and especially post-sale. In a recent Jupiter Communications survey about online shopping, 72% of respondents said that customer service is a critical factor in shopping satisfaction, and 85% said that returning merchandise – a basic customer "service" – is important to them. [Brand-D] has received high marks for addressing this latter concern by automatically including postage-paid return packaging with all items shipped. They (and other clicks-and-mortar e-tailers) are also using their existing store locations as another return channel, providing their customers with those most rare and valuable commodities, choice and convenience. [Brand-A] (among others) is experimenting with live, on-line chat with CSRs on their site, and they are finding that it can make just the needed difference at a critical purchasing decision point, when a customer can get that extra bit of assistance. Think of it as enhanced self-service.

It's also important to recognize that it's not just (!) a matter of writing a big check. This is a new way of doing business; one that retains the value of the old, and enhances it with the attributes of the new. In many cases it can provide new and better ways to address old, classic business problems, like building brand loyalty, or reducing the cost of customer service. In other cases it may provide new and unique solutions to brand new business problems, such as how to compete with powerful brands that, once online, can cross geographical, even national borders, with practically no barriers to entry into "your" markets.

As such, it requires some new ways of doing things. New ways of tracking pricing and inventory, new ways of handling shipping and fulfillment, new ways of managing customer data, to name just a few. And as complex as the technology may be, as complex as the thinking behind it may be, it still will be just as hard to change the way people at [----] think, and work.

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Excerpt from Opportunity Assessment with Site Audit