How to Do Business in the Internet: Developing a Business Strategy

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WEB EXAMPLE:
Electric-Pages
www.electric-pages.com

Goals of the Tutorial
• To comprehend the role of the Internet in business
• To see successful Internet business strategies
• To learn the best practices in Internet commerce

Morning
• Mindset
  — The Internet Culture
• Applications
  — What works...and what doesn’t
• Audience
  — Web demographics

Afternoon
• Web Site Strategy
  — Web profitability
  — Multimedia Design
• Management
  — Integrating the Internet into your business
• Marketing
  — Promoting your web site

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MINDSET
APPLICATIONS
AUDIENCE

Adjusting Your Mindset
- Internet Business Culture
  - PUBLICATION The Library
  - COMMUNICATION The Cafe
  - TRANSACTION The Shopping Mall
- One-to-one marketing
- Global reach

The Library
- Information on demand
  - 24/7/365 presence
- Transparent business information
- Targeted media

WEB EXAMPLE:
Lycos search engine
www.lycos.com

Transparent environment
- No secrets
- Bill Gates’ “friction-free” capitalism
- The Internet sucks the profit margin out of many businesses.

WEB EXAMPLE:
Auto by Telephone
www.autobytel.com
Targeted media
• Narrowcasting and niche marketing
• Algorithmic advertising and editorial
• “Disintermediation”
  — Advertisers reach their audiences directly

WEB EXAMPLE:
Lycos search for “Paris Hotels”
www.lycos.com

WEB EXAMPLE:
Hot Sauce Shop
www.hothothot.com

The Café
• Two-way communication
• Networks of relationships
• The readers are active participants in advertising and selling.

WEB EXAMPLE:
Amazon.com book catalog
www.amazon.com

The Shopping Mall
• In North America, over 2 million users have purchased items on-line.
• The Internet Shopping Network sells $1 million per month on-line.
• Dell Computer sells $1 million of PCs per day on-line.
• Cisco Systems has sold $1 billion of computer equipment on-line.
Internet Culture
- One-to-one marketing
  - Database marketing
  - Relationship marketing
  - The computer gives "personal service" to each customer
- Global reach
  - 30% of U.S. web traffic is international
  - Internet commerce happens everywhere

The Trust Factor
- The Internet Selling Environment
  - Direct, Fast, Global
- Sophisticated customers
  - High quality consumer market
  - Business-to-business market
- Automated sales pitches
  - "Self-selling"

Internet Travel Network
www.itn.com

Working Globally
- Working with suppliers (and customers) a half a world away
- Stores and offices are always open
- The biggest impediment to communications is time zone, not technology or cost

Internet Acceleration
- The Speed of Technology versus The Speed of Human Beings
- Phone, courier, fax, email, web
- New business expectations

Cnet News with time stamp
www.news.com
Internet Acceleration
- American Airlines ticket auctions
- Federal Express package tracking
- Amazon.com book promotions
- American Airlines pilots strike site
- Newspaper web sites
- Corporate extranets

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MINDSET APPLICATIONS AUDIENCE

What works
- Who is the Internet right for?
  - Wired consumers
  - Business customers
- Who is it NOT right for?
  - Un-wired markets
  - Customers better served by traditional media
  - Mass market brands

Three kinds of web site
- Institutional
  - Company brochure on-line
  - Contact data and basic information
- Product-specific
  - Marketing, selling and supporting
- Intranet and extranet
  - Corporate communications

Institutional web site
- Basic web presence
  - US: 20% of all companies, 37% of mid-size companies, 97% of big companies
- Annual report “shovelware”
- Contact data
  - Address, phone, fax, email
  - Regional offices
**Product-specific web site**
- Sales brochure on-line
  - Sales representative's email
- Marketing communications on-line
  - Technical specifications, configurations, prices, availability
- Catalog on-line
  - Instant ordering

**Intranet and extranet**
- Corporate communications center
  - Company newsletter
  - Email and bulletin boards
- Suppliers and customers on-line
  - “Just In Time” inventory data
  - Sales cycles and scheduling data
  - Customer service and support center

**MINDSET APPLICATIONS AUDIENCE**

**Web demographics**
- Young, well-educated, high salaried, male and female professionals
- Media rich
- Time poor
- Business users

**Identifying your audience**
- Technologically
  - By hardware, software and training
- Strategically
  - By benefits
- Culturally
  - By inclination

**Technological issues**
- Multimedia PC user with 28k modem and Internet access
- > 486 PC, Windows, color monitor
- Low cost, reliable Internet access
  - Internet Service Providers
  - Business Internet links
Strategic issues

- How is the Internet better than traditional communications?
- Best Internet products to sell...
  - Can be bought without seeing them
  - Have recognizable brand identities
  - Are hard-to-find or hard-to-configure
  - “Fit” on a credit card
  - Can be delivered on-line

Cultural issues

- Inclination to use high tech
- Acceptance of technology’s flaws in return for its advantages
- Appetite for timeliness
- Global perspective

MINDSET
APPLICATIONS
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