



# e-commerce

## Where's E-Commerce Headed? Here are the 10 Hottest Topics Facing Our Industry Today

Any new business philosophy or set of principles should be tested in the real world in order to validate what is real, what is feasible, what works and what doesn't work. I surveyed people online and talked to several executives who are deeply involved in e-commerce



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implementation about what they have learned so far, and, more importantly, what changes we can expect in the next few years. This chapter focuses on what they said. The online survey was sent to the readership of ECMgt.com, my online e-zine that explores the trends in ecommerce management on a monthly basis. The executives quoted here were also interviewed for other chapters in this book. In the process of evaluating the responses, there were ten general topic areas and trends that emerged. All quotes and predictions are grouped by these ten categories, beginning with a look at the new economic environment, and ending with ideas about evolving the company for growth.

NOTE: For brevity of this article, only the first three quotes in each section are used.

### The more things change, the more they stay the same

The tried and true basics of business will be back to remind us of the old-fashioned principles that still seem to work, even in this new Internet-enabled world. Profitability, revenues and proven processes will be key.

**Peter Sisson, Chief Strategy Officer, wine.com:**

"The new e-commerce brands will grow more slowly because the investment community has no patience for losses. The emphasis will be on profitability, which means we will see fewer expensive ads."

**Sean Kaldor, Vice-President of E-Commerce, NetRatings Inc.:**

"E-commerce business operations will mature, and overall methods will solidify around a few key processes."

**Gwen Hanna, Vice-President of People, Homebid.com:**

"New e-business companies are becoming more humble as they begin to realize that some of the basic rules and principles of business (such as profitability) applies to them, just as it does to the "brick and mortar" companies. Based on these trends, what I humbly predict in the future is a mutual admiration between the "click and close" companies and the "brick and mortar" companies, where each will learn to respect and leverage their approaches to business."

### The new economic environment

Although we are already mired in the New Economy, we are just at the beginning of the changes, as brick and mortar companies race to be successful online, and dot-coms try to dethrone established companies' brands. There will be more consolidation, hybrids, partnering, and new business models that will shift the mix and balance of power.

**Clyde Foster, CEO, eConvergent:**

"There will be a more seamless merger of online and offline worlds. Brick and mortar companies will get better at online business, and dot-coms will get better at traditional business and profitability. Economies of scale will result for both worlds."

**Lisa Sharples, Chief Marketing Officer, Garden.com:**

"A multichannel approach will be used for all e-commerce companies, including retail. The line will blur between who's an e-commerce company and who isn't."

**Rip Gerber, Chief Strategy Officer and Vice-President of Marketing, Commtouch:**

"The age of the large conglomerates is over. Ten years from now, the Fortune 500 will be irrelevant. Those that survive will either be invisible giants running the infrastructure for everyone else or those that will unquestionably own their customers through passion-invoking brands and impenetrable customer relationships."

## A new Internet-enabled world

In the not-too-distant future, the use of the Internet will be routine, rather like electricity, as the comfort level with the technology and this method of doing business evolves. Not only will more of our work and personal lives be connected because of the evolving technology infrastructure, but more integrated as well. Processes and functions that we use in the workplace will make their way into our homes. A total Internet-enabled world where every IP appliance can coordinate an exchange transaction, with or without a human guide, is right around the corner.

### **Mohit Mehrotra, Vice-President and General Manager, American Express Corporate Services Interactive:**

"In the near future, conducting business online will become the norm. There will be a much higher level of comfort in conducting business online, from both the company's and the customer's point of view."

### **Barbara Jones, Director of Customer Service, Cisco Systems**

"The customer of the future will live in an Internet-integrated environment extending to the home. Ideas such as smart home appliances like smart refrigerators, or cars that alert you to the maintenance schedule — all controllable via the Internet are just around the corner."

### **Dylan Tweney, Writer and Consultant, Tweney Media:**

"There will be more e-commerce in general and people will be more comfortable with it. We will also see e-commerce in more contexts embedded in Web applications and in Internet devices."

## Customers Rule

With the Internet, customers have gained considerable power to choose with whom they will do business, where and when. The need for intense customer focus and exemplary customer service will continue into the future, as customers remain central to the growth of e-commerce.

### **Ashu Roy, CEO and Chairman, eGain:**

"Web sites will become 'customer interaction centers' where customers can access information and buy goods and services on a self-service basis."

### **Bill Daniel, Senior Vice-President of Products, Vignette:**

"The place from which you buy things will blur. Customers will expect that companies provide a choice — which may be tough to do from an infrastructure standpoint."

### **Bob Cross, President, Venture Capital Online, Inc.:**

"If not used wisely, the tools of the Internet merely enable marginal vendors to provide empty promises slicker and faster — and they call it e-commerce. In the long run, it won't work, because the customer is still king, and the Internet doesn't change that."

Although the Internet can indeed change processes and channel structures, it doesn't change customer expectations. Even in the virtual world of the Internet, customers still vote with their feet."

## Better, faster and maybe cheaper

With continued learning and experimentation, companies will build better products and services by utilizing the multiple capabilities of their own companies and also their partners.

Price may still be a determinant in customers' buying decisions, but value received is becoming more important than price by itself. New ways to conduct business enabled by technology will lead to many new opportunities for companies, with improved choices for customers and more efficient payment mechanisms for the exchange of value between parties.

### **Brooks Fisher, Vice-President of Corporate Strategy and Marketing, Intuit Inc.:**

"The nature of money will change. The physical need for it will disappear. This removes the administrative headache from buying things."

### **Peter Ostrow, CEO, Testmart:**

"Companies will get better at usability, navigation and ecommerce in general. There will be better products to buy."

### **George Roman, CTO, diCarta:**

"There will be simpler payment schemes, which will make it easier for people to buy goods and services. Customers will have higher expectations with sites, as well every interaction must be a positive experience."

## Business models and value webs

Just when you thought things were settling down with business models, be prepared for more changes. Improvements in efficiency of the supply chain and logistics, disintermediation and continuing complex are part of the future.

### **Alan Naumann, President and CEO, Calico Commerce:**

"There will be more collaboration than ever, and it will be much more effective. We will apply what we've learned from manufacturing supply chains, and extend successful partnering through to the customer."

### **Norm Hullinger, Vice-President of Sales and Operations, Egghead.com:**

"The level of service for the 'last mile' will increase significantly. Express carriers such as UPS, FedEx, etc. will be faster and less expensive."

### **Paul Brazina, Executive Director, Electronic Commerce Institute-LaSalle University:**

"The key to e-commerce profitability will be an efficient and effective system to distribute products and services."

## **New standards and rules create opportunity**

There has been much controversy and discussion about privacy and security and how it affects e-commerce. Quite often, new regulations and laws can be perceived as just more bureaucracy that gets in the way of doing business. However, as security issues are mitigated and standards are commonly deployed for security and privacy, new opportunities will actually be created for business.

### **Mark Walsh, Chairman and Chief Strategy Officer, VerticalNet:**

"Anonymity on the Internet will disappear. With advances in technology and electronic signature legislation, the privacy barriers start to disappear. It will be easier for companies to acquire and maintain information about customers in order to sustain lifetime customer relationships."

### **Brooks Fisher, Vice-President of Corporate Strategy and Marketing, Intuit Inc.:**

"With improved security and recent changes in legislation such as e-signatures, virtual has become 'real.' This is one of the last holdouts where infrastructure was still needed. With that barrier removed, businesses can come online much faster."

### **Kaj Pedersen, Vice-President of Engineering, Lycos**

#### **Quote.com:**

"The Internet has become the method by which many financial firms retrieve and advertise their services. With this come issues that relate to security and a company's ability to disseminate information. With the increase in demand for online trading and financial services, the winners will be those who can exploit the opportunity for real-time services, within a secure environment."

## **Evolving infrastructure and tools**

Many advances have been made in integrating front office and back office systems both in a company and via the ASP/BSP model. Technologies that improve speed, collaboration or integration of processes will be a requirement for survival and growth in the future.

### **Ashu Roy, CEO and Chairman, eGain:**

"The network effect of the Internet that allows businesses to collaborate will continue, and that will mean economic efficiencies."

### **Clyde Foster, CEO, eConvergent:**

"The biggest opportunity for companies will be the integration of all customer touch points in a reactive and proactive way. This means a tightly linked infrastructure that ties marketing and customer relationship management together."

### **Andrew Krainin, Senior Vice-President of Marketing, Sameday.com:**

"New technologies will improve the speed and efficiency of existing supply chains. Internet-based systems dramatically reduce the cost and complexity of connecting enterprises, to make collaborative planning and optimization the rule rather than the

exception."

## **The new face of marketing**

As companies continue to wrestle with issues about online and offline branding, we are entering a new era of personalization. Marketing will be faced with implementing new approaches in the Internet-enabled world.

### **Jim Sterne, President, Target Marketing of Santa Barbara:**

"We are entering the age of proactive or anticipatory customer service. Companies will target customers and send personalized FAQs to serve their customers."

### **Atul Vashistha, CEO, neoIT.com:**

"Marketing will change. There will be a need to be more precisely targeted, more precisely customized. Niche players may actually have an advantage in the future if they have solid customer relationships in the markets they know. Also, brand will matter in the end, but companies will have to find innovative ways to build brand loyalty because there are very low switching costs."

### **Russ Cohn, CEO, Brigade Corporation:**

"I believe that there will be less selection and less free stuff online. Also, I think there will be less 'unjustified' customer service."

## **New dimensions for growth and evolution**

As today's leaders make decisions about tomorrow's growth, there are many factors at work in this new environment that will make a huge impact. Technologies such as wireless and portable computing will provide more ways to access the Internet, and require companies to provide content accordingly.

The world marketplace means greater demand for products and services, and companies need to figure out how to build businesses across geographic boundaries. We are faced with much growth in the next few years. Whether it happens slowly or quickly, we all need to be armed with the lessons we have learned so far to be better prepared to meet all the challenges of the brave new world.

### **Anwar Akel, Alexandria, Egypt:**

"To die is losing the ability to change – not the loss of breath."

### **Mark Resch, President and CEO, CommerceNet:**

"Adoption of the Internet will continue to rise with or without the speculative enthusiasm of Wall Street. There is surprising vigor around the world, and much enthusiasm for e-commerce. Clearly, these are the early days even in North America only about 10 percent of the manufacturers have true e-commerce presence on the Internet. E-commerce will continue to behave like a complex, adaptive system. There will be no single global control point or mechanism; the tangle of non-hierarchical interaction will continue."

**Bill Daniel, Senior Vice–President of Products,**

**Vignette:**

“There will be an increase in the number of people who interact with the Internet and conduct e–commerce using wireless devices.”

*Mitchell Levy is President of ECnow.com and Executive Producer of ECMgt.com. He helps start–up, medium and large corporations transition from the Industrial Age to the Internet Age and is actively involved in strategic ECM consulting, training and Internet marketing activities. Mitchell also developed and currently manages a professional certificate program in e–commerce management for San Jose State University (<http://ecmtraining.com/sjsu>) and teaches several courses in the program. Mitchell chairs the comdex.biz program, part of COMDEX/Fall's conference program.*